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EXDIS

WHITE HOUSE FOR THE PRESIDENT, DR. BRZEZINSKI, AND HENRY OWEN

STATE FOR SECRETARY AND EA, MR. HOLBROOKE

E.O. 11652: XGDS-2 TAGS: JA, XG, XT

SUBJECT: JAPAN, EUROPE AND BONN SUMMIT: POLITICAL ASPECTS

REF: TOKYO 12466

1. SUMMARY: PROMINENCE OF JAPAN'S ECONOMIC TROUBLES WITH WESTERN EUROPE HAS MADE GOJ MORE AWARE OF ITS EUROPEAN TIES AND THEIR STILL ESSENTIALLY ONE-DIMENSIONAL CHARACTER, AND HAS CONVINCED SOME WITHIN GOVERNMENT THAT WAYS MUST BE FOUND TO EXPAND RELATIONSHIP BEYOND THE ECONOMIC. IN ADDITION TO ECONOMIC IMPETUS, GRADUAL EVOLUTION IN POPULAR ATTITUDES HERE TOWARD JAPAN'S PROPER WORLD ROLE IN GENERAL, AND TOWARD SECURITY QUESTIONS IN PARTICULAR, HAS MADE MORE POSSIBLE INCREMENTAL DEVELOPMENT OF BROADER JAPAN-EUROPEAN DIALOGUE. THIS CHANGING PERSPECTIVE, COMBINED WITH SENSITIVITY TOWARD EXPECTED CRITICISM OF THEIR ECONOMIC PERFORMANCE, WILL INFLUENCE JAPANESE APPROACH TO BONN SUMMIT. OUTCOME OF SUMMIT AS INTERPRETED IN JAPAN, QUITE CONFIDENTIAL

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APART FROM ITS ECONOMIC CONSEQUENCES, WILL IN TURN AFFECT PACE OF DEVELOPMENT OF MORE MATURE JAPAN-EUROPEAN RELATION-SHIP. END SUMMARY

JAPAN AND WESTERN EUROPE:

2. MASSIVE IMBALANCE IN JAPAN-EC TRADE, AND CRITICISM THIS HAS ENGENDERED, HAS FOCUSED INCREASING GOJ ATTENTION ON

THOUGHTFUL, INTERNATIONALLY-ORIENTED JAPANESE BELIEVE IN THE IMPERATIVES OF INTERDEPENDENCE, BOTH WITHIN COMMUNITY OF ADVANCED INDUSTRIAL DEMOCRACIES AND BETWEEN THAT GROUP AND REST OF NON-COMMUNIST WORLD. HOWEVER, TO JAPANESE, INTERDEPENDENCE WITH UNITED STATES IS A FAR MORE OBVIOUS IMPERATIVE; THAT WITH EUROPE IS MUCH LESS APPARENT AND LESS FERVENTLY FELT. DIRECT BILATERAL TRADE WITH WESTERN EUROPE, WHILE LARGE IN ABSOLUTE TERMS, IS STILL RELATIVELY SMALL PORTION OF JAPAN'S OVERALL TRADE. ECONOMIC INTERDEPENDENCE THUS IS LESS DIRECT AND MORE SUBTLE, STEMMING FROM THE STAKE BOTH HAVE IN MAINTENANCE OF A SMOOTHLY FUNCTIONING INTERNATIONAL TRADING SYSTEM. IF THE JAPANESE FAIL FULLY TO APPRECIATE DEGREE OF THEIR ECONOMIC INTERDEPENDENCE WITH WESTERN EUROPE, THEY HAVE AN EVEN SHADOWIER PERCEPTION OF THEIR SHARED POLITICAL INTERESTS AND GOALS. JAPANESE CONCERNED WITH THIS PROBLEM ARGUE WITH CONSIDERABLE JUSTIFICATION THAT SAME DEGREE OF MISPERCEPTION OBTAINS IN EUROPE. POLLS OF EUROPEANS ON SUBJECT OF JAPAN, WELL PUBLICIZED BY JAPANESE MEDIA, REVEAL SURPASSING IGNORANCE OF THIS COUNTRY AND ITS ROLE IN ASIA AND THE WORLD. JAPANESE ARE CONVINCED THAT CHARACTERIZATION OF JAPAN AS NATION OF TRANSISTOR SALESMEN IS STILL WIDELY BELIEVED IN EUROPE.

3. GOJ, OR AT LEAST MOFA, ACKNOWLEDGES NEED TO DEVELOP BROADER JAPAN-EUROPEAN TIES, LESS VULNERABLE TO PRESSURES CONFIDENTIAL.

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SEVERE ECONOMIC PROBLEMS CAN GENERATE, IN WHICH EACH SIDE BETTER UNDERSTANDS PROSPECTS AND LIMITATIONS OF OTHER. MOFA ASSUMES PROGRESS IN CHANGING PREVAILING ATTITUDES, ON BOTH SIDES, IS LIKELY TO BE GLACIAL, BUT SEES FUKUDA VISIT AS OPPORTUNITY TO BEGIN.

THE SUMMIT:

4. JAPANESE LEADERSHIP HAS COME TO PLACE MAJOR EMPHASIS ON INSTITUTION OF ECONOMIC SUMMITRY AS MEANS OF BUTTRESSING JAPAN'S CLAIM TO MORE SIGNIFICANT, IF STILL MODEST, WORLD ROLE AND BUILDING BROADER AND MORE DURABLE RELATIONSHIP WITH EUROPE. FOR JAPANESE, RAMBOUILLET I WAS SIGNIFICANT AS THE FIRST TRULY MULTILATERAL MAJOR-COUNTRY SUMMIT TO WHICH THEY HAD BEEN INVITED SINCE THE WAR. BECAUSE IT WAS EXCLUSIVELY CONCERNED WITH ECONOMIC ISSUES, JAPAN DID NOT HAVE TO CONSIDER ITSELF IN A SECOND-RANK POSITION.

RAMBOUILLET WAS SEEN AS MARKING JAPAN'S RE-EMERGENCE UPON WORLD SCENE AS CO-EQUAL WITH OTHER ADVANCED INDUSTRIAL DEMOCRACIES, AND AS OPPORTUNITY TO NURTURE CLOSER RELATIONS WITH THOSE POWERS. POLITICAL SYMBOLISM OF THEIR PARTICIPATION IN FIRST SUMMIT,

AND SUCCEEDING ONES AS WELL, HAS BECOME AS IMPORTANT TO JAPAN AS THE ECONOMIC DECISIONS TAKEN. JAPANESE WILL THUS LOOK UPON BONN SUMMIT AS POLITICAL EVENT OF MAJOR CONSEQUENCE, AND EXPECT TO UNDERSCORE THEIR MORE ACTIVE WORLD ROLE BY HOSTING NEXT ONE.

5. JAPANESE ANTICIPATE CONSIDERABLE CRITICISM OF THEIR ECONOMIC PERFORMANCE AT BONN. WHILE THEY BELIEVE STATISTICS WILL SUPPORT THEIR CONTENTION THAT THEIR

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ANNOUNCED GROWTH RATE GOAL STILL CAN BE ACHIEVED, THE CONTINUED MASSIVE CURRENT ACCOUNT SURPLUS WILL BE AN EMBARRASSMENT. PRIME MINISTER'S RECENT PUBLIC STATEMENTS INDICATE HE MAY BEGIN TO TAKE OFFENSIVE AT BONN, ARGUING THAT JAPAN'S OVERALL PERFORMANCE IN TERMS OF GROWTH RATE AND INFLATION EQUALS OR SURPASSES EFFORTS OF OTHER PARTICIPANTS. HE WILL ADD THAT JAPAN IS NOW DOING ALL IT CAN TO REDUCE ITS CURRENT ACCOUNT SURPLUS, AND THAT OTHER COUNTRIES MUST CONTROL INFLATION AND WORK TO INCREASE EXPORTS IF THEY WANT BETTER RESULTS.

6. IN PART OUT OF DESIRE TO MUTE EXPECTED CRITICISM, OR MUFFLE ITS EFFECT, WE SUSPECT JAPANESE WOULD NOT BE AVERSE TO THIS MEETING TAKING ON A SLIGHTLY BROADER CHARACTER THAN ITS PREDECESSORS, WITH SOMEWHAT MORE PRONOUNCED POLITICAL DIMENSION. THIS IS NOT TO SAY THAT

WE EXPECT GOJ DELEGATION TO BONN SUMMIT TO ATTEMPT TO DIVERT DISCUSSION FROM MACRO-ECONOMIC TO SECURITY ISSUES. JAPANESE WILL RETAIN FOR LONG TIME TO COME STRONG CONFIDENTIAL.

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INHIBITIONS IN ADDRESSING SECURITY AND DEFENSE PROBLEMS IN INTERNATIONAL FORUMS. HOWEVER, FUKUDA AND HIS COLLEAGUES MAY MORE READILY ACKNOWLEDGE THAT ECONOMIC ISSUES WHICH ARE FOCUS OF SUMMIT HAVE PROFOUND POLITICAL RAMIFICATIONS, INTERNATIONAL AS WELL AS DOMESTIC. JAPANESE RECOGNIZE THAT FUNDAMENTAL ISSUES ARE INVOLVED, INCLUDING EVEN QUESTION OF VIABILITY OF DEMOCRACY IN COPING WITH PROBLEMS OF ADVANCED INDUSTRIAL SOCIETY, WHICH MUST BE ADDRESSED OPENLY AND URGENTLY. THIS INEVITABLY IMPLIES A DEGREE OF POLITICAL AS WELL AS ECONOMIC COORDINATION, AND IT IS THIS CONCEPT WITH WHICH JAPANESE APPEAR MORE COMFORTABLE NOW THAN IN YEARS PAST.

7. IN ADDITION TO HIS PARTICIPATION AT BONN, FUKUDA WILL PAY BRIEF VISITS TO PARIS. BEFORE SUMMIT. AND BRUSSELS AFTER, WHERE HE WILL MEET WITH ROY JENKINS AS WELL AS PREMIER TINDERMANS. BRUSSELS VISIT WILL BE OCCASION FOR MAJOR SPEECH BY FUKUDA ON JAPAN AND WEST EUROPE. WHILE MOFA OFFICERS RECOGNIZE EUROPE WILL NOT BE WAITING WITH BATED BREATH, THEY HOPE SPEECH WILL BE TAKEN SERIOUSLY AS SINCERE "OVERTURE" TOWARD EUROPE AND COMPREHENSIVE STATEMENT OF JAPAN'S VIEW OF RELATIONSHIP. AS DESCRIBED TO US, FUKUDA WOULD AFFIRM POLITICAL AS WELL AS ECONOMIC IMPORTANCE OF JAPAN TO EUROPE. UNDERSCORE NEED FOR STRONGER AND MORE VARIED TIES, AND TRY TO MAKE SIMPLE POINT THAT JAPAN IS MORE THAN SONY OR TOYOTA. AS PART OF PRESENTATION, WE ARE TOLD FUKUDA WOULD ENDEAVOR TO DESCRIBE JAPAN'S SECURITY POSTURE AND ITS ROLE IN STRATEGIC EQUATION OF NORTHEAST ASIA IN TERMS MEANINGFUL TO EUROPEANS. AGAIN, THIS WOULD BE NOTEWORTHY DEPARTURE FOR A JAPANESE PRIME MINISTER AND IS REGARDED AS MOST DELICATE ASPECT OF SPEECH, SINCE FUKUDA AT SAME TIME CANNOT STRAY TOO FAR BEYOND LIMITS OF STILL FRAGILE DOMESTIC CONSENSUS ON THIS ISSUE. CONFIDENTIAL

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SUMMIT IMPLICATIONS FOR FUKUDA AND JAPAN:

8. APART FROM ITS SIGNIFICANCE AS AN ECONOMIC COORDINATING MECHANISM AND ITS POTENTIAL MEANING IN TERMS OF JAPAN-EUROPEAN RELATIONS, BONN SUMMIT IS OF COURSE

IMPORTANT TO FUKUDA IN THE DOMESTIC POLITICAL CONTEXT. WHILE HE HAS SUFFERED NO RECENT POLITICAL REVERSES, FUKUDA'S STANDING IN POLLS REMAINS EXTREMELY LOW AND HIS CHANCES OF EXTENDING HIS PARTY PRESIDENCY, AND HENCE PREMIERSHIP, BEYOND EXPIRATION OF FIRST TWO-YEAR PARTY TERM ARE PROBLEMATICAL. IF BONN SUMMIT WERE SEEN AS "FAILURE" FOR JAPAN, IN WHICH JAPANESE SEEMED TO BE SINGLED OUT AS MAIN VILLAIN ON INTERNATIONAL ECONOMIC STAGE, OR IN WHICH OTHER SUMMIT PARTNERS WERE SEEN HERE AS "GANGING-UP" ON JAPAN, FUKUDA'S STANDING AS WELL AS JAPANESE RELATIONS WITH U.S. AND EUROPE WOULD SUFFER. WHILE U.S. INTERESTS ARE NOT SYNONYMOUS WITH FUKUDA'S, WERE IT TO APPEAR THAT FOREIGN CRITICISM WAS WAVE THAT SENT HIM UNDER, ENTHUSIASM OF JAPANESE LEADERS FOR TRILATERAL ENDEAVORS, AND MORE ACTIVE GLOBAL ROLE, WOULD NOT HAVE BEEN ENHANCED.

9. THERE IS ANOTHER, MORE FUNDAMENTAL, SENSITIVITY AT WORK IN THIS SITUATION, JAPANESE, DESPITE THEIR SUCCESS IN DEALING IN WESTERN MILIEU, RETAIN STRONG CULTURAL AND RACIAL IDENTITY WHICH PROFOUNDLY AFFECTS HOW THEY AS INDIVIDUALS VIEW FOREIGNERS AND HOW GOJ, AS COLLECTIVE, VIEWS FOREIGN GATHERINGS SUCH AS BONN SUMMIT. JAPANESE WILL SEE THEMSELVES, THOUGH PERHAPS OTHER ASIANS WOULD NOT, AS ASIAN REPRESENTATIVE AT BONN, AND HAVE, FOR EXAMPLE, PLEDGED TO "BEAR ASEAN CONCERNS IN MIND" DURING SUMMIT DISCUSSIONS. MOST OF TIME, JAPANESE ARE WILLING TO ADMIT JUSTICE OF MOST OF CRITICISM WE AND EUROPEANS LEVEL AGAINST THEM IN ECONOMIC SPHERE. HOWEVER, WHILE PROBABLY LESS SUSPICIOUS OF AMERICANS THAN OF EUROPEANS, THEY ARE NEVER

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ENTIRELY SURE THAT OTHER CONSIDERATIONS DO NOT ENTER IN -THAT SIMPLE RACIAL PREJUDICE MAY NOT AFFECT THE WAY SOME
OF US THINK ABOUT THESE ISSUES. JAPANESE SENSITIVITY IS
A FACT OF LIFE; IF ABRADED IT CAN PRODUCE DEFENSIVE,
UNPRODUCTIVE RESPONSES.

IMPLICATIONS FOR THE UNITED STATES:

10. ECONOMIC AND POLITICAL REALITIES, LIKE GEOMETRY, UNDERSCORE NEED FOR STRENGTHENING JAPAN-WEST EUROPE LEG OF TRILATERAL SYSTEM. TRILATERAL COMMISSION AND OTHER SIMILAR TRIANGULAR VENTURES, BOTH GOVERNMENTAL AND PRIVATE, REPRESENT RECOGNITION OF THIS NEED AND CONSTRUCTIVE EFFORTS TO MEET IT. THEY HAVE NOT, HOWEVER, ACHIEVED NECESSARY RESONANCE HERE, AND DEGREE OF JAPAN-EUROPEAN MISTRUST AND MISUNDERSTANDING PERSISTS, ENDANGERING OUR INTERESTS AS WELL AS THEIRS. EFFECTIVENESS OF WESTERN ALLIANCE IN DEALING WITH COMPLEX ECONOMIC AND POLITICAL PROBLEMS IT FACES DEPENDS ON CANDOR, TRUST AND CONFIDENTIAL

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FRIENDSHIP WITH WHICH IT IS INFUSED.

11. UNITED STATES IS OF COURSE UNIQUELY SITUATED TO FACILITATE BETTER JAPAN-WEST EUROPE TIES, AND OUR INTERESTS CLEARLY DICTATE THAT WE ATTEMPT TO DO SO. WHILE OUR ROLE IS LIMITED, IT IS NEVERTHELESS ESSENTIAL. WE CAN BE CATALYST, ENCOURAGING OUR PARTNERS TO PERSIST IN EFFORTS TO BRIDGE POLITICAL AND PSYCHOLOGICAL GAP THAT CONTINUES TO SEPARATE THEM. WE CAN OCCASIONALLY FUNCTION AS BUFFER AS WELL, EXPLAINING EACH TO OTHER AND MODERATING THEIR DIFFERENCES. IT IS THIS LATTER ROLE TO WHICH WE SHOULD PERHAPS BE ALERT IN BONN. JAPANESE WILL LOOK TO US FOR MORE INFORMED APPRECIATION OF THEIR SITUATION, AND MORE SYMPATHETIC HEARING, THAN THEY WILL EXPECT FROM EUROPEANS. WE CAN AFFORD TO BE RESPONSIVE, WITHOUT IN ANY SENSE LETTING JAPANESE OFF THE HOOK ON HARD ECONOMIC QUESTIONS.

12. CONSTRUCTIVE JAPANESE WORLD ROLE REQUIRES CONTINUED CAREFUL NURTURING. THIRTY YEARS AFTER END OF WORLD WAR II JAPAN PERHAPS SHOULD HAVE RID ITSELF OF INHIBITIONS ITS CULTURE AND HISTORY HAVE IMPOSED, BUT FACT IS THEY REMAIN FORMIDABLE BARRIERS TO MORE WIDE-RANGING JAPANESE DIPLOMATIC AND POLITICAL ACTIVITY. DESPITE RECENT EVIDENCE OF MORE VENTURESOME DIPLOMACY, JAPANESE STILL LACK CONFIDENCE.—AND VISION.—TO MATCH THEIR ECONOMIC PROWESS. TO DRAW THEM OUT,

AND TO INSURE MAJOR JAPANESE CONTRIBUTION TO MULTILATERAL ENDEAVORS, STILL REQUIRES SPECIAL CARE IN OUR OWN APPROACHES. THERE ARE UNIQUE FRUSTRATIONS IN DEALING WITH JAPAN TO BE SURE, BUT REWARDS CAN BE, AND HAVE BEEN, ENORMOUS. WE NEED TO LOOK BEYOND BONN, AND BEYOND TODAY'S FORMIDABLE SET OF ECONOMIC PROBLEMS -- AND ENCOURAGE OUR SUMMIT PARTNERUUTO DO LIKEWISE -- TOWARD ENDURING BENEFITS OF MORE MATURE JAPAN-EUROPEAN RELATIONSHIP AND MORE ACTIVE GLOBAL CONFIDENTIAL

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ENGAGEMENT FOR JAPAN WHICH WILL INEVITABLY FOLLOW. MANSFIELD

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